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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

COMMISSIONERS

DOCKETED

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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ARIZONA CORP COMMISSION
DOCKET CONTROL

DOCKETED BY

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IN THE MATTER OF THE APPLICATION
OF APPALOOSA WATER COMPANY FOR
FINANCING AUTHORIZATION.

DOCKET NO. W-03443A-08-0177

IN THE MATTER OF THE APPLICATION
OF APPALOOSA WATER COMPANY FOR
A RATE INCREASE.

DOCKET NO. W-03443A-08-0313

PROCEDURAL ORDER

BY THE COMMISSION:

On March 26, 2008, Appaloosa Water Company ("Appaloosa" or "Company") filed with the Arizona Corporation Commission ("Commission") an application seeking approval to finance construction of an arsenic treatment facility. Appaloosa's application requests authorization to finance approximately \$192,000, through the Water Infrastructure Financing Authority of Arizona ("WIFA").

On June 20, 2008, in Docket No. W-03443A-08-0313, Appaloosa filed an application with the Commission to increase its rates. Appaloosa's rate application states the Company is seeking an increase in its rates to cover increased administrative costs, increased property taxes, and to pay for the cost of a proposed arsenic treatment facility.

On July 1, 2008, Appaloosa filed an amendment to its rate application.

On July 21, 2008, the Commission's Utilities Division ("Staff") filed a Letter of Deficiency in the rate application docket.

On July 29, 2008, Appaloosa filed a third amendment to its rate application.

On August 7, 2008, Appaloosa filed a fourth amendment to its rate application.

On September 8, 2008, Staff filed a Second Letter of Deficiency in the rate application docket.

On September 17, 2008, Mr. Charles R. Larson, Jr. CPA, filed a letter on behalf of

1 Appaloosa, clarifying some of the numbers reported in Appaloosa's rate application.

2 On October 17, 2008, Staff filed a Letter of Sufficiency stating Appaloosa's rate application
3 had met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103 and that
4 Appaloosa had been classified as a Class C utility.

5 On October 21, 2008, Staff filed a Motion to Consolidate the above-referenced dockets.

6 On October 30, 2008, by Procedural Order a telephonic procedural conference was scheduled
7 to be held on November 17, 2008.

8 On November 17, 2008, the telephonic procedural conference was held as scheduled. The
9 Applicant appeared on its own behalf, Staff appeared through counsel and Commissioner Kristin
10 Mayes participated in the procedural conference. During the conference, procedural deadlines, as
11 well as the pending motion to consolidate the dockets were discussed, and it was agreed the matter
12 should be set for hearing.

13 On December 5, 2008, by Procedural Order, the finance and rate case dockets were
14 consolidated for purposes of hearing, and the hearing on the consolidated matters was set to
15 commence on April 21, 2009.

16 On January 29, 2009, John E. Blann, Jr. filed a Request to Intervene ("Request") in the
17 proceedings. The Request stated that Mr. Blann is a residential customer of the Company and has an
18 interest in the proposed rate increases. No objections were filed regarding Mr. Blann's Request.

19 Between January 30, 2009 and February 11, 2009, various comments opposing the proposed
20 rate increase were filed in the consolidated docket.

21 On March 2, 2009, Appaloosa docketed an Affidavit of Publication, showing notice of the
22 applications and hearing date were published in the *Courier*, a daily newspaper of general circulation,
23 on January 1, 2009.

24 On March 3, 2009, by Procedural Order, Mr. Blann was granted intervention in this matter.

25 On March 4, 2009, Staff filed a Staff Report recommending approval of the financing and rate
26 applications subject to Staff's conditions.

27 On March 5, 2009, Appaloosa docketed a letter stating that notice of the applications and
28 hearing date had been mailed to each of its customers on January 1, 2009.

1 On March 23, 2009, Appaloosa filed a letter in response to the Staff Report, objecting to
2 Staff's recommendation that the rates decrease instead of increase.

3 On April 21, 2009, a full public hearing was convened before a duly authorized
4 Administrative Law Judge ("ALJ") of the Commission at its offices in Phoenix, Arizona. Staff
5 appeared through counsel, and Mr. Joe Cordovana appeared on behalf of the Company. Intervenor
6 Mr. John Blann appeared and Chairman Kristin K. Mayes was also present during the hearing.
7 Several members of the public appeared to give public comments. At the conclusion of the hearing,
8 several late-filed exhibits were ordered by the ALJ.

9 On May 4, 2009, Staff docketed a Notice of Filing which included a revised Schedule CRM-4
10 and Summary of Original Cost Rate Base Adjustment.

11 Based on the testimony given during the hearing and the filings docketed, it has been
12 determined that additional information is needed.

13 IT IS THEREFORE ORDERED that **Appaloosa** shall file, **on or before June 5, 2009**, as a
14 late-filed exhibit, an update on the status of the Opportunity to Correct Deficiencies issued by ADEQ
15 on May 22, 2008.

16 IT IS FURTHER ORDERED that **Appaloosa** shall file, **on or before June 5, 2009**, as a
17 late-filed exhibit, an update on whether the revised drawings for the water line across Road 4 have
18 been submitted to the Town of Chino Valley, and if so, when they were submitted, and any update
19 from ADEQ and/or the Town of Chino Valley regarding the review and approval of the revised
20 drawings.


21 IT IS FURTHER ORDERED that **Appaloosa** shall file, **on or before June 5, 2009**, as a late-
22 filed exhibit, a discussion of how the water line across Road 4 will be used for any proposed
23 developments.

24 IT IS FURTHER ORDERED that the timeclock is extended accordingly.

25 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
26 Communications) continues to apply to this proceeding and shall remain in effect until the
27 Commission's Decision in this matter is final and non-appealable.

1 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
2 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

3 DATED this 27th day of May, 2009.

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YVETTE B. KINSEY
ADMINISTRATIVE LAW JUDGE


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10 Copies of the foregoing mailed/delivered
this 27th day of May, 2009 to:

11 Joe Cordovana
12 APPALOOSA WATER COMPANY
13 7012 North 18th Street
14 Phoenix, AZ 85020

15 John E. Blann, Jr.
16 2925 Harrison Drive
17 Chino Valley, AZ 86323

18 Janice Alward, Chief Counsel
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22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 Ernest Johnson, Director
25 Utilities Division
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22 By: 
23 Debra Broyles
24 Secretary to Yvette B. Kinsey
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